

Xerox Services

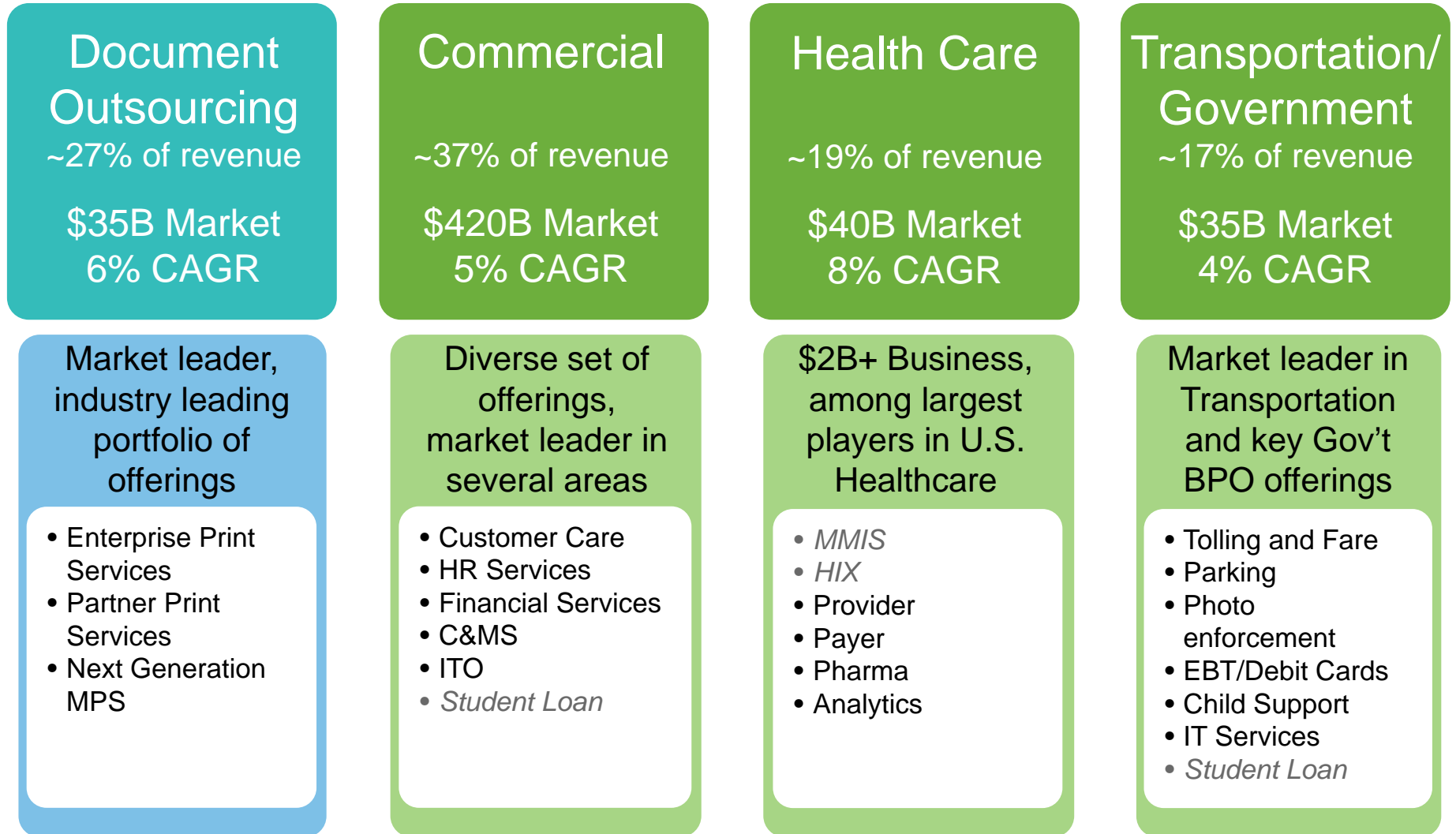
Lynn Blodgett
November 12, 2013



Overview

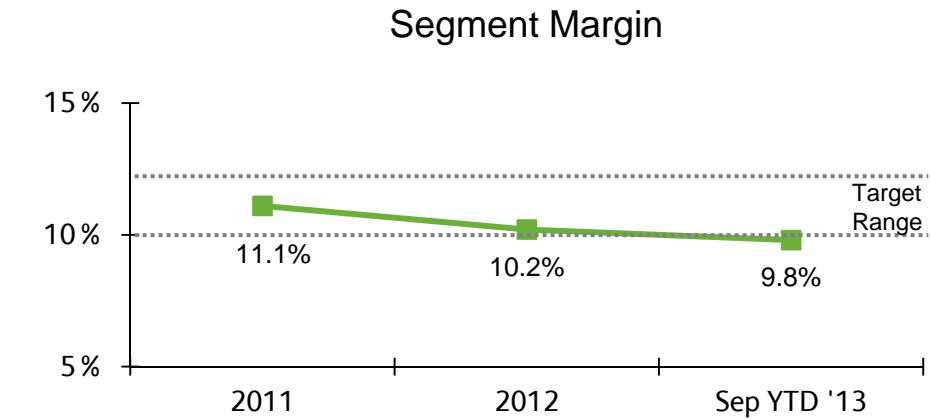
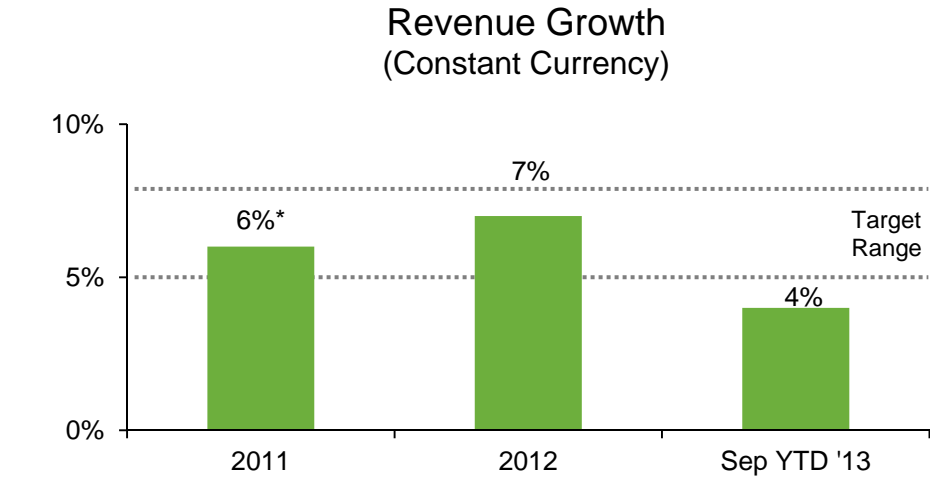
- A worldwide leader in the diversified business services markets in which we participate
- Continue to differentiate ourselves with deep vertical expertise in areas such as healthcare, transportation, customer care and transactional BPO
- Implementing a five plank strategy focused on growth, margin expansion and value creation

Diversified Offerings with a Deep Vertical Focus



Performance Trends

- Revenue growth impacted by lower inorganic revenue and lower transactional volume (including student loan run-off)
- Segment margin pressured by increased ITO mix, Government Healthcare start-up costs and student loan run-off
- Implementing a five plank strategy to consistently meet growth and profit objectives



Xerox Services – Five Plank Growth and Profit Strategy

Portfolio Management

Improve mix to drive higher growth and margins

Global Growth

Enhanced focus on profitable growth outside the United States

Cost Transformation

Margin expansion through cost competitiveness

Operational Excellence

Foundational for leverage and scale, and delivering predictable, high-quality results

Analytics

Use the power of our big data to extract and transfer value to our customers



Portfolio Management

Accelerate

Invest in advantaged business areas

Maintain Leadership

Invest selectively to maintain or drive to market leadership

Enhance or Divest

Turnaround or divest where business are disadvantaged

Acquisition Strategy

Accelerate profitable inorganic growth focus

- Global expansion
- Data Analytics
- Expansion of current capabilities

New Business Signings - YOY ARR+NRR Growth

	2011	2012	2013 YTD
ITO	87%	-39%	-27%
BPO	-1%	-3%	6%
DO	26%	-40%	35%



2013 New Business Wins Highlight Portfolio Diversity and Targeted Mix

CUSTOMER CARE

- New logo wins and expansions with marquee technology firms and global travel firm

F&A and ITO

- Significant expansion with global automotive firm
- Major new CMS win with a global bank
- New logo ITO win in the Retail vertical

HEALTHCARE

Provider

- ITO services to large, new logo, NYC based provider

Payer

- BPO/ITO expansions with several top payers and new logo wins
- 1st major win with CVG acquisition

Government

- BPO support for several state exchanges and Medicaid expansion programs

TRANSPORTATION

- Major new tolling operations with TxDOT and CA BATA
- Chicago red light camera
- Kuala Lumpur fare collection system

GOVERNMENT

- New logo wins with two Federal agencies
- New logo EBT win with one of the largest states
- Network implementation for a large CA county

Global Growth

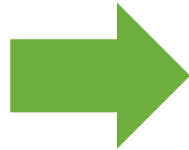
- We have the opportunity to expand globally at a faster pace
- Targeting one point of overall BPO/ITO growth in 2014 from outside the US
- Global growth to accelerate by using both existing offerings as well as strategic acquisitions
- Priority areas:
 - Expanding markets (i.e. Asia and Brazil)
 - Continued expansion into Europe
 - Businesses that have best global reach: Transportation, F&A, and Customer Care



Cost Transformation and Operational Excellence

Reducing Cost Through Project Compete

Current onshore/
high labor cost:
~90%



2017 onshore/
high labor cost:
~75%

- Year-to-date have moved ~4,000 positions to lower cost alternatives
- Expect to move at least double that amount in 2014

Driving towards a Best in Class Operating Model

- Predictable and reliable execution
- Managed by highly capable people
- With appropriately mature processes
- Supported by modern technology

Tactical P&L Improvement

- Identifying issues
- Recovering costs
- Revenue assurance

Sustainable Process Improvement

- Strategic partnerships
- Lean Six Sigma
- Requirements, Change, Project, and Risk management
- Technology and innovation adoption

Strengthening Management Capability

- XBS Academy
- Talent acquisition and retention
- Bench strength
- Governance
- Tools and processes

Accountability & Inspecting Results

- Program assurance
- CMMI
- ISO 9000

Analytics – Adding Value Using Our Data

Customer Care



Healthcare



Transportation



Through our extensive BPO footprint, we have a strong foundation to use data analytics to move into higher value / higher margin services

- Social media services
- Speech analytics
- Crowd sourcing
- Cost containment
- Cost of care
- Fraud and abuse
- Advanced recovery
- Outcomes based
- Dynamic pricing
- Transit fare analytics
- Tolling transactions

Key Takeaways

- Execution of five plank strategy
- Deliver mid-single digit revenue growth and at least 50bps of operating margin improvement in 2014
- Longer term, move towards higher end of revenue growth and operating margin ranges

